

Idaho Travel Council Meeting
January 13 & 14, 2009
Boise, Idaho

Council Members Present

Paul Norton, Region I
Frances Conklin, Region II
John May, Region III
John Webster, Region IV
Bill Code, Region V
Tadd Jenkins, Region VI
Brent Gillette, Region VII
J.J. Jaeger, Member At-Large

Staff Members Present

Karen Ballard, Administrator, Tourism
Kellie Reed, Tourism
Tina Caviness

Tuesday, January 13, 2009

Throughout the morning, Idaho Travel Council members met jointly with members of the Department's Economic Advisory Council. Minutes of this meeting are published separately.

Idaho Travel Council meeting called to order by Chairman Brent Gillette, followed by welcome and introductions.

Motion – It was moved (May) and seconded (Code) that the minutes of the October 2 & 3, 2008 meeting of the council be approved as written. Motion passed.

Drake Cooper Updates – Bill Drake and Josh Mercaldo updated the council on a variety of activities as follows:

2009 Travel Guide Highlights:

- 152 pages (12 less than 2008)
- 140,000 units (200k in 2008)
- Consolidated outdoor sections
- Design enhancements throughout
- Delivered on schedule and on budget
- Currently in circulation
- Net cost to ITC budget is \$143,819

Bill Drake presented a variety of options for the production of future printed travel guide to the council:

- Continue in current format
- Develop 3 stand alone books (statewide/regional sizzle book; accommodations guide; outdoor guide)

- Limited quantities of high quality sizzle book that incorporates state marketing subjects beyond tourism products
- A reduced page travel guide primarily for in-state use.
- Provided a 4-year financial comparison of travel guide production costs

Drake will report back to the council at the March meeting the results of a survey monkey on the travel guide. After a lengthy discussion, the council is leaning toward reducing the number of printed guides because of the availability of an electronic version of the guide. A final decision will be made at the March meeting after seeing the results of the survey monkey.

Digital Travel Guide – Josh Mercaldo reported to the council on progress being made on a digital travel guide.

- 2009
 - Located on main VisitIdaho.org
 - Part of scrolling news ticker, 2.0 tool set
 - Integrated into Web 2.0 landing page
 - Loaded on Commerce.idaho.gov
 - Distributed to current advertisers for integration into their site(s)
 - PR release
 - Other Idaho-tourism contacts (e-mail)
 - Part of online media campaign (subject matter)
 - Custom research underway with drake/cooper, Department of Commerce and fulfillment partner regarding '09 Travel Guide.

Future enhancements to a digital travel guide include:

- 2010 – continue use of flip book with greater functionality; 360 degree panoramic photography and video; map and lodging integration; part of VisitIdaho.org
- 2011 – interactive, stand-alone site (idahotravelguide.org); ad server for advertisers, customizable, downloadable guide, user generated content: region, city, activity

Meeting adjourned so council members could attend a meeting of the Pacific Northwest Economic Regional Host Committee. Boise will host the 2009 Annual PNWER Summit July 12-19.

Wednesday, January 14, 2009

Meeting called to order by Chair Brent Gillette, followed by introductions. Karen Ballard briefed the council on an RFP the department has issued for an public relations firm to service the needs for Project 60, under the direction of the Marketing Division. Tourism has been asked to contribute its public relations budget toward those efforts. Ballard said that under the current contract, drake/cooper assists with the tourism's public relations efforts at a cost of \$3,500 per month. Since drake/cooper's current contract includes public relations efforts and they did not bid to handle the Project 60 account, tourism will continue to use their services.

Tax Commission Presentation – Saul Cohen, Tax Policy Specialist, Idaho State Tax Commission provided the council with an overview of the 2% hotel/motel tax and explained the Tax Commission's role in collections. Highlights of Mr. Cohen's presentation follow:

- Idaho Hotel/Motel Room and Campground Sales Tax Act, Idaho Code, Sec. 67-4711 *et seq* became effective January 1, 1985, at 2%.
- Applies to sales 'providing a place to sleep'
- Rate can be lowered by Travel Council resolution
- Tax Commission is responsible for the collection and administration of the tax
- Government (local, state and federal) are exempt

Tax Commission Responsibilities:

- Under contract with Department of Commerce
- Contract amount based on the number of accounts and related processing costs
- System hardware, maintenance, upgrades
- Collection, accounting, deposit, reporting, audit, and other enforcement and taxpayer service functions
- Register properties for tax collection
- Provide for and process remittance forms (monthly and quarterly are used most)
- Pursue non-filers, late filers, delinquent accounts (\$62K - \$110K owed last year)
- Audit for compliance as appropriate
- Defend assessments in court or Board of Tax Appeals
- New registration via web or on paper

Return Processing system includes:

- Scan line identifies taxpayer and reporting period
- Tax due/refund and check amounts are optically scanned
- Tax due amount is balanced against check amount to insure accurate deposit
- Differences are sight-verified and corrected or processed as no pays, part pays or overpayments
- Returns are manually keyed; those with calculation errors enter a work file

Other responsibilities of the Tax Commission include:

- Upon written request, make list available of those who collect and remit the tax.
Restricted information includes:
 - The amount paid
 - Any liabilities or delinquencies
 - Audits for compliance

Disposition of Funds:

- Distribution to the state refund account sufficient to pay current refund claims
- Cost of the collection and administration agreed upon is retained by the Commission
- Remaining amount distributed to the Idaho Travel and Convention account.
- Administration fee charged quarterly (March, June, September, December)
- Department of Commerce distributes revenue net of refunds and administration fee to the regions based on the Lodging Balancing Reports

- Reports are available on the web at <http://tax.idaho.gov/reports.htm>

In response to questions posed by the council Mr. Cohen provided the following information:

- The exemption from the tax for room or space occupied by the same person in excess of 30 days must be consecutive and by the same person. If for example, a film crew rented a hotel for 30 days, that room must be occupied consecutively by the same person, it cannot be split between the various crews.
- State campgrounds are exempt from the 2% tax and it would require a change to Idaho Code for them to collect the tax.
- If hotels rooms are paid directly from an Idaho state government entity, the exemption applies. If a personal credit card is used, and later reimbursed, the exemption does not apply.
- Under Idaho Code, the Tax Commission cannot share information about delinquent taxes, but they can provide a list of those properties that collect the tax. Mr. Cohen is working with Tax Commission I.T. to provide a report of any contact information they have to the Tourism Division. This will be helpful in attempting to list all properties collecting the tax in the Travel Guide.
- If a council member knows of a property that may not be registered to collect the tax, they can contact the Tax Commission and they will follow-up on the lead.
- At any one time, there could possibly be \$62K to \$110K not collected on a timely basis. Monthly reports from the Tax Commission are only of dollars collected, not what is due. The 2% account does receive penalty and interest accrued from the delinquent accounts.
- The administration fee that the Tax Commission charges is based on a unit cost, which increases as costs to administer the fee increase.
- Current Tax Commission charge to administer the tax is \$110,000 a year and is paid quarterly. The Department of Commerce has control of the account and divides it out into regions based on Tax Commission reports.
- The original Memorandum of Agreement between the Department of Commerce and the Tax Commission is missing. Mr. Cohen is attempting to find the MOU, which he believes was drawn up in 1981. Bill Drake said the tax first became effective July 1, 1981.

Chairman Gillette thanked Mr. Cohen for spending time with the council outlining the Tax Commission's role in the 2% tax program. Karen Ballard also thanked Mr. Cohen and appreciates having a contact to work with as questions about the tax arise.

Economic Impact Study (Idaho Parks & Recreation)

Rick Just, Idaho Parks & Recreation, reported to the council that the planning process for producing a 2011-2015 Statewide Comprehensive Outdoor Recreation and Tourism Plan (SCORTP) begins this year. Every state produces such a plan every five years to maintain eligibility for state and local grants from the federal Land and Water Conservation Fund

program. In order to get better representation from local interests, Idaho Parks and Recreation is asking its six board members to lead a task force in each of their regions that will identify regional issues and opportunities in outdoor recreation. Each task force will consist of from 12-20 individuals representing various aspects of outdoor recreation, as well as members from the general public. They will meet for half a day, twice a year. Two important things likely to come out of this task force include being at the table when funding for outdoor recreation development and maintenance comes up as a major need, and at least two major studies will result that the council will be interested in, including a needs assessment that identifies gaps in outdoor recreation facilities and opportunities. Mr. Just told the council that although the Department of Parks and Recreation manages the SCORTP process and is responsible for the final document, it is a joint effort involving the Department of Commerce, Fish and Game, the Forest Service, BLM, the National Park Service, the Idaho Recreation and Tourism Initiative and many others. He encourages all council members to become familiar with the task force in their region and participate in the process.

Mr. Just also told the council that Idaho Parks and Recreation would be amenable to discuss the possibility of state campgrounds collecting the 2% tax. He also told the council that the \$25,000 the department contributes toward funding Idaho's visitor centers is safe from budget cuts.

Advertising Agency Updates Continue

Bill Drake reported to the council that Canada is a critical market for Idaho. He told the council that the golf trail participants are encouraging the council to focus in Calgary and Edmonton more so than Vancouver and Victoria. Drake agrees, saying it is an issue of allocation of resources.

Research Update – Bill Drake updated the council on 2009 research. Key elements to the program include:

- Contract for Domestic Visitor Profile Study by Longwoods Travel USA has been signed at a cost of \$35,000. The annual report will be presented at the Idaho State Conference on Recreation & Tourism in May in Sun Valley.
- An International Visitor Study, conducted by VisaVue Travel, at a cost of \$17,500 will also be presented in May in Sun Valley at the tourism conference. This study will identify foreign travel in Idaho by country of origin, summary of originating country, state market segment by country, and state merchant category by country.
- 2008 TIA Research have provided a complementary 86-page report on the impact of travel on US national economy during 2007 and the impact of travel on state economies in 2006. Report can be found at http://www.drakecooper.com/forreview/tourism/tia08_econimpact_fin.pdf

Video Update – Josh Mercaldo reported to the council that movement of the travel guide into more electronic environments is taking place and the need of video assets needs to be discussed. An inventory of existing video library is being done and Mercaldo asked the council members to send any video they may have because it is so expensive to do and currently there

is no budget to do it. He is also exploring the use of Idaho Public Television's inventory of video. Rick Just offered the use of video shot for the 2008 centennial. Bill Drake would also like to explore using the services of Regal 360, a company that provides state-of-the-art Virtual Tour services.

Free Standing Insert (FSI) – Bill Drake reported to the council that during September 2008, Temple University, in association with Madden Media, distributed a survey and conducted a conversion study on the 2008 Idaho Spring insert-led campaign to determine the quality of inquiries; response to visitation by month; overnight stays within the area; and the number of vacations taken to the area during 2008. Questionnaires were randomly sent via e-mail to a sample of respondents to the online reader service mechanism included with the campaign. As an incentive to complete the questionnaire, respondents were eligible to win a cash prize. Drake reviewed the survey results with the council.

Based on the impressive, research-based results from the 2008 Idaho Spring insert-led campaign, Drake presented a 2009 Spring FSI Proposal to the council for their consideration. Elements to the 2009 proposal include:

- Insert Date of May 3, 2009
- Newspapers include:
 - Idaho Statesman, Boise
 - Coeur d'Alene Press
 - Idaho Falls Post Register
 - Lewiston Tribune
 - Nampa Press-Tribune
 - Pocatello State Journal
 - Portland Oregonian
 - Salt Lake Tribune
 - Seattle Times & Post Intelligencer
 - Spokane Spokesman Review
 - Twin Falls Times-News
- Bonus insert distribution to approximately 1,000 AAA offices across the nation
- Electronic – 120 days of online promotion on VacationFun.com landing page
- \$99,750 proposed net state investment

Financial Report – Karen Ballard reviewed the current collections report with the council and asked whether or not the previously determined 10% budget reduction is prudent or if it should be changed. She has cut workshops, association memberships and conferences by \$62,000 on the administrative side of the budget. She said the good news is there is \$105,000 in reserve on the state side of the budget because of lack of spending authority. She has asked drake/cooper to provide a matrix of last year's on-line advertising and media advertising to cherry pick off of, and the Summer FSI is another project that the council could decide not to do. The \$20,000 for the Canadian market could also be cut.

Chairman Gillette said that when the council set the marketing plan, and advertising focus, the economy wasn't that bad. He asked Bill Drake's opinion on which direction the council should go. Gillette feels 2% revenues over the next three months will continue to decline.

Bill Drake told the council he feels that 2009 will be rough and 2010 will be similar to 2008. He said the FSI is designed for the nearby effort and it is a good cost effective medium. As drake/cooper develops plans for the council, they assign a grade to each project. He will provide Karen Ballard with that list so it will be easier to remove some projects without serious jeopardy. John May said it's critical to use drake/cooper's expertise and he thinks the 10% number is a good one to use at this point, realizing that adjustments can be made if collections change dramatically. Although a final decision about the Spring FSI was not made by the council, the majority support doing it and adjusting drops if necessary.

Because of limited time for this discussion now, she asked council members to e-mail her ideas and what they think should be done and whether or not the 10% reduction over the next six months is appropriate. The council will discuss these suggestions and formalize their recommendation at the March meeting.

Grant Program Update – Karen Ballard and Cathy Bournier reviewed changes to the grant program guidelines with the council. After a lengthy discussion about ad sales income, the council recommended the following:

Re: 1.9.2 Brochures, flyers, posters, rack cards, etc.

Ad sales in ITC grant-funded advertising pieces:

Remove "If advertising is sold, the income from the ad sales must be deducted from the total expenses and grant funds can be requested to cover any shortfall."

Rewrite to reiterate that "for projects using grant funds which receive offsetting advertising revenues, the revenue sources must be disclosed and grant monies may be reallocated to other marketing projects approved by the Idaho Travel Council."

After a lengthy discussion about co-operative advertising, the council recommended the following:

Re: 1.7 Co-operative Advertising (Co-ops)

Required 12.5% match, at least, for co-op opportunities, with reimbursement at 87.5%

Karen Ballard told the council that the changes will be made and sent to council members for further review, as well as posted on-line for grantees and presented to the legislature. She said this is a work in progress and is open to change and further discussion. John May said the council and grantees need to review the document again before it is presented to the legislature and asked Cathy Bournier to highlight areas of concern so council members can easily recognize areas where there are questions or concerns. This will assist them in knowing which areas to focus on and provide input on. He asked Bournier to review the document with

grantees at the March Grant Summit. Chairman Gillette asked that copies be sent to Bobbie Patterson, Carol Wahler and Dani Zibell-Wolfe for review and comment.

Use Tax – An Educational Guide to Sales Tax in Idaho – Karen Ballard told the council that a private sector printer who prints publications for non-profit organizations, including Idaho tourism regions, is experiencing difficulty with the State Tax Commission over sales or use tax on printed material that they store for grantees. Use tax is a tax on goods that you put to use or store in Idaho. The use tax rate is the same as the sales tax rate. Ballard asked council members to share this information with regional organizations.

Report on London Trip – John May represented Idaho at World Travel Mart and reported back to the council that over 50,000 people attended this year. Idaho was part of the Rocky Mountain International Discover America Section. He recommended that structured itineraries be developed for use at the shows because that's what the tour operators want and expect. He said outdoor experiences are popular. Karen Ballard told the council that Brent Gillette will represent Idaho for an Australian travel show and asked the council to let her know if anyone would like to represent Idaho in November in England.

Other Business

Future Meetings:

March 17 & 18, Twin Falls/Burley/Pomerelle

May 4 & 5, Sun Valley (Grant Presentation on the 5th)

August 4 & 5, location to be determined

Karen Ballard reported to the council that John Webster and Brent Gillette's terms will end in June and names suggestions for replacements will be submitted to the Governor's office. She asked council members to let her know if they had any recommendations.

Meeting adjourned.